

INFORMATION AND PROCEDURES TRANSFERRING OIL AND GAS LEASE INTERESTS

Regulations at 43 CFR 3106, and 43 CFR 3135 for lands in the National Petroleum Reserve – Alaska (NPR-A), govern the filing of transfers. Transfers include record title and overriding royalty assignments, operating rights transfers, mergers, name changes, and estate transfers. Definitions of record title, operating rights, overriding royalty interests, and partial assignments are as follows:

Record Title: Primary ownership of an interest in an oil and gas lease including the obligation to pay rent, and the right to transfer and relinquish the lease. Overriding royalty and operating rights are severable from record title interests.

Operating Rights/Working Interest: The interest or contractual obligation created out of a lease (referred to as a sublease) authorizing the holder of that right to enter the leased lands to conduct drilling and related operations, including production.

Overriding Royalty Interest: A given interest severed out of the record title interest or lessee's share of the oil, and not charged with any of the cost or expense of developing or operation. The interest provides no control over the operations of the lease, only revenue from lease production. There is an obligation to pay royalty to third parties in addition to royalty due to the United States.

Partial Assignments: When an assignor conveys 100% record title interest in a portion of the lands in a lease, it creates a partial assignment. Partial assignments segregate the lease into two separate leases. Normally we assign a new lease number to the conveyed portion of the lease.

FORMS CAN BE OBTAINED AT <https://www.blm.gov/services/national-operations-center/electronic-forms>

FILING REQUIREMENTS FOR THE VARIOUS TYPES OF TRANSFERS ARE AS FOLLOWS:

ASSIGNMENT OF RECORD TITLE INTEREST

- File three originally-signed and dated copies of the current edition of Form 3000-3 in the BLM State Office administering the lease. Machine copies of the original signatures are not acceptable.
- The assignor(s) must originally sign and date all three copies of the assignment.
- The assignee(s) must originally sign and date only one copy of the Request for Approval found on the reverse side of the assignment.
- The assignee(s) must date the Request for Approval on or after the date of the assignor's signature.
- Effective, October 1, 2018, you must file a \$95 nonrefundable filing fee with each assignment.

- You must file the assignment within 90 days of the assignor's dated signature. We can process the assignment filed after the 90 days if the assignor(s) and assignee(s) furnish a statement advising the assignment is still in effect.
- Two or more assignors may convey interest to one or more assignees on the same record title assignment.

A record title assignment conveys both record title and operating rights unless operating rights have been previously segregated. If you own the same percent of record title interest as you do operating rights interest in all depths of the lease, you only need to file a record title assignment to convey all your lease interest. If you own different percentages of interests in record title and operating rights, you need to file both record title and operating rights transfers to convey all your interests.

We are providing the following scenarios to help you determine if you need to file a record title assignment, an operating rights transfer, or both.

SCENARIO 1

John Smith and Mary Jones each hold 50% full leasehold interest (record title and operating rights) in a lease. Mary Jones files an operating rights transfer conveying all her 50% operating rights from the surface to 9,000 feet to ABC Oil Company. After we approve the transfer, interests in the lease are:

RECORD TITLE INTEREST: 50% - John Smith
 50% - Mary Jones

SUBJECT TO SEGREGATED OPERATING RIGHTS FROM THE SURFACE TO 9,000 FEET:
 50% - John Smith
 50% - ABC Oil Company

John Smith owns 50% full leasehold interest (record title and operating rights in all depths). Mary Jones own 50% record title interest and 50% operating rights from 9,000 feet and below. ABC Oil Company owns 50% operating rights from the surface to 9,000 feet.

SCENARIO 2

John Smith, Mary Jones, and ABC Company are conveying all of their interest to XYZ Corporation. We would require the following:

- A record title assignment from John Smith (conveys full leasehold interest).
- A record title assignment from Mary Jones (conveys record title and operating rights from 9,000 feet and below).
- An operating rights transfer from ABC Company conveying operating rights from the surface to 9,000 feet.

BONDING CONSIDERATIONS WHEN TRANSFERRING INTERESTS

If you, as the transferor, maintain bonding for a lease and you transfer all of your lease interest to another party, the new party must provide a bond per 43 CFR 3106.6-1. Bond coverage is required on a lease if—

- There is an approved application for permit to drill (APD) on the lease; or
- There is an unplugged well on the lease.

The lessee, sublessee or an Operator may provide bonding to cover 100% of the liabilities on the lease. If there is more than one lessee, one lessee may provide bonding to cover 100% of the liabilities on the lease.

The operator on the ground may provide bonding. The operator must furnish the appropriate Field Office a change of operator and a statement agreeing to be responsible for the operations conducted on the lease or portion of the lease.

If there is a change of Operator, the new Operator must contact the appropriate Field Office to ascertain what Sundry Notices or Succession and Designation of Operator forms are necessary. This will expedite the approval of the assignment.

Bonding is required for all NRP-A leases prior to assignment approval.

TRANSFER OF OPERATING RIGHTS

- File three originally-signed and dated copies of the current edition of Form 3000-3a in the BLM State Office administering the lease. Machine copies of the original signatures are not acceptable.
- The transferor(s) must originally sign and date all three copies of the transfer.
- The transferee(s) must originally sign and date only one copy of the Request for Approval found on the reverse side of the transfer.
- The transferee(s) must date the Request for Approval on or after the date of the transferor's signature.
- Effective October 1, 2018, you must file a \$95 nonrefundable filing fee with each transfer.
- You must file the transfer within 90 days of the transferor's dated signature. We can process the transfer filed after the 90 days if the transferor(s) and transferee(s) furnish a statement advising the transfer is still in effect.
- Two or more transferors may convey interest to one or more transferees on the same operating rights transfer.
- You must show the lease formation on the transfer, either by zone, formation, or deposit.
- You may convey various percentages of interest in various depths in several sections of land on a single transfer. See following example:

Sec. 20: S2, Operating rights from the surface to 900 feet

Sec. 22: SW, Operating rights from 800 feet to a depth of 1000 feet

ASSIGNMENT OF OVERRIDING ROYALTY – You may convey overriding royalty interest on either an Assignment of Record Title Interest (Form 3000-3), a Transfer of Operating Rights (Form 3000-3a), or on a private assignment. We only require filing of one signed copy per assignment plus, effective October 1, 2018, a \$15 filing fee. If you file more than one copy, we return the remaining copies to the assignee.

If you file a private document, you must include the transferee's executed statement as to his/her qualifications under 43 CFR 3102. Forms 3000-3 and 3000-3a contain these statements on the reverse side.

We do not adjudicate or approve overriding royalty assignments. We date stamp the transfer upon receipt and file it in the casefile to validate the assignee's interest.

MASS TRANSFERS – A assignor/transferor can make a mass assignment/transfer when conveying any type of interest in a large number of Federal leases to the same party. We recommend you do not file a mass assignment/transfer unless the conveyance involves more than ten leases. You should make the filings on the current edition of Form 3000-3 or Form 3000-3a. Attach an exhibit of all the leases involved to each of the three originally-signed and dated forms. You must also submit a single copy of the assignment/transfer and appropriate exhibit for each affected lease. Effective October 1, 2018, a \$95 filing fee for each lease must accompany the assignment/transfer.

Approval of the originally-signed assignment/transfer form, with the exhibit attached, does not indicate we have approved all the assignments/transfers. We adjudicate each assignment/transfer individually and forward lease interest abstracts as we approve each assignment/transfer.

NAME CHANGE OR MERGER – You must submit the following information before we can recognize a name change or merger.

- A list of serial numbers for all leases, offers, and pending assignments currently held in the prior name. The list should also include the serial numbers of leases, unit and communitization agreements where the prior company is the approved operator or maintains overriding royalty interests.
- A copy of the Secretary of State's certificate of name change or merger.
- A copy of the amendment of the Articles of Incorporation if available.
- Effective October 1, 2018, file a \$225 nonrefundable filing fee with each name change or merger.

Once you have filed acceptable evidence, we will recognize the name change or merger and note the affected files.

If one company buys out the interests of another company, and it is not a name change or merger, you must file record title assignments and/or transfers of operating rights in order to convey the interests from the assignor to the new company.

HEIRS AND DEVISEES OF AN ESTATE – You must submit the following evidence before we can recognize the estate transfer:

If probate of the estate has been completed:

- A certified copy of the will or decree of distribution. (A photocopy of the certified copy is acceptable).
- A qualification statement as to citizenship and acreage holdings in Federal oil and gas leases signed by each heir. We have included a qualification statement for your use.

If probate of the estate has not been completed:

- Evidence of the authority of the executor or administrator to act on behalf of the estate.

If there is no will and the law does not require probate proceedings:

- A signed statement from the heirs confirming they are the only heirs of the deceased.
- A qualification statement as to citizenship and acreage holding in federal oil and gas leases signed by each heir.

Effective October 1, 2018, you must file a \$225 nonrefundable filing fee for an estate transfer.

We have included a list identifying the states administered by each Bureau State Office which provides addresses for the filing of transfer documents .

(Lease Serial Number)

U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

INDIVIDUAL STATEMENT

The undersigned hereby certifies that:

He/she is of legal age and is a citizen of the United States and is in compliance with 43 CFR 3100 and the leasing authorities.

The undersigned's chargeable interests, direct and indirect in either public domain or acquired lands do not exceed 246,080 acres in Federal oil and gas leases in the same State, or which not more than 200,000 acres are held under option.

The undersigned is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act and is not in violation of sec. 41 of the Act.

(Date)

(Signature)

ALASKA:

Anchorage Federal Office Building
222 West 7th Avenue, #13
Anchorage, AK 99513-7599
Phone: (907) 271-5960
FAX: (907) 271-3684

ARIZONA:

One North Central Ave., Suite 800
Phoenix, AZ 85004-4427
Phone: (602) 417-9200
Fax: (602) 417-9556

CALIFORNIA:

2800 Cottage Way, Suite W-1623
Sacramento, CA 95825-1886
Phone: (916) 978-4400
FAX: (916) 978-4416

COLORADO:

2850 Youngfield Street
Lakewood, CO 80215-7093
Phone: (303) 239-3600
FAX: (303) 239-3933

IDAHO:

1387 South Vinnell Way
Boise, ID 83709-1657
Phone: (208) 373-4000
FAX: (208) 373-3899

MONTANA (NORTH DAKOTA, SOUTH DAKOTA):

5001 Southgate Drive
Billings, MT 59101-4669
Phone: (406) 896-5000
FAX: (406) 896-5299

NEVADA:

1340 Financial Blvd.
Reno, NV 89502-7147
Phone: (775) 861-6400
FAX: (775) 861-6601

NEW MEXICO (OKLAHOMA, TEXAS, KANSAS):

301 Dinosaur Trail
Santa Fe, NM 87508
P. O. Box 27115
Santa Fe, NM 87502-0115
Phone: (505) 954-2000
FAX: (505) 954-2115

OREGON (WASHINGTON):

1220 S.W. 3rd Avenue
Portland, OR 97204
P. O. Box 2965
Portland, OR 97208-2965
Phone: (503) 808-6001
FAX: (503) 808-6308

UTAH:

440 West 200 South, Suite 500
Salt Lake City, UT 84101
Phone: (801) 539-4001
FAX: (801) 539-4237

WYOMING (NEBRASKA):

5353 Yellowstone Road
Cheyenne, WY 82009
P. O. Box 1828
Cheyenne, WY 82003-1828
Phone: (307) 775-6256
FAX: (307) 775-6129

**ALL OTHER STATES
(MINNESOTA, IOWA, MISSOURI,
ARKANSAS, & LOUISIANA, AND ALL
STATES EAST OF THE MISSISSIPPI
RIVER):****EASTERN STATES OFFICE:**

20 M Street SE, Ste 950
Washington, DC 20003
Phone: (202) 912-7701
FAX: (202) 912-7710

HEADQUARTERS OFFICE**Bureau of Land Management**

U.S. Department of the Interior
1849 C Street, NW,
Washington, DC 20240
Phone: (202) 208-3801
Fax: (202) 208-5242